

Service Date: December 2, 1980

DEPARTMENT OF PUBLIC SERVICE REGULATION
MONTANA PUBLIC SERVICE COMMISSION

IN THE MATTER of the Application)
of Montana Power Company for Com-)
mission approval of the guarantee)
by the Company of not to exceed) UTILITY DIVISION
\$100,000,000 of borrowings by a) DOCKET NO. 80.7.50
Construction Trust created to) ORDER NO. 4727
provide interim financing for a)
portion of the construction costs)
of the Company's undivided inter-)
est in Colstrip Units #3 and #4.)

APPEARANCES

FOR THE APPLICANT:

Robert E. Sullivan, 40 East Broadway, Butte, Montana 59701.
Mark A. Clark, 40 East Broadway, Butte, Montana 59701.

FOR THE INTERVENOR: James C. Paine, Montana Consumer
Counsel, 34 West Sixth Avenue, Helena, Montana 59601.

FOR THE COMMISSION

Eileen E. Shore' Staff Attorney

BEFORE:

GORDON E. BOLLINGER, Chairman
JAMES R. SHEA, Commissioner
CLYDE JARVIS, Commissioner

FINDINGS OF FACT

1. The Montana Power Company (Applicant) is a public utility
furnishing electric and natural gas service to consumers in
the State of Montana.

2. Applicant's petition, filed July 11, 1980, pursuant to
MCA, 69-3-501 to 69-3-507, requests this Commission to
authorize the Company to make a guarantee to secure
borrowings in an amount not to exceed \$100,000,000 by a
Construction Trust created to provide interim financing for a

portion of the construction costs of the Company's undivided interest in Colstrip Units #3 and #4.

3. The Montana Consumer Counsel (MCC) has participated in this Docket on behalf of utility customers since the inception of these proceedings.

4. On September 9, 1980, at 10:00 a.m. pursuant to the Commission's notice, a public hearing was held, at which no public witnesses appeared.

5. The funds to be borrowed will be obtained by means of a twelve-year loan to the Construction Trust, in an amount not to exceed \$100,000,000 secured under the Guarantee Agreement by the Company.

6. The Construction Trust will be replaced at or following the completion of the project by permanent financing by the company.

7. The Construction Trust will be created through a transfer by the Company to a Montana Trustee of a portion of its undivided interest in the Colstrip Units #3 and #4 project properties and a portion of the Company's interest in the Construction and Ownership Agreement between the project partners respecting the construction of the project.

8. The proceeds to be received by the Construction Trust from the borrowings guaranteed by the Company will not exceed \$100,000,000 without further authorization of the Commission. Such proceeds, together with other externally-generated funds and internally-generated cash, will be used for lawful corporate purposes recognized by MCA Section 69-3-501.

9. Applicant testified that no studies had been performed to show that the Construction Trust would be less costly than conventional financing.

CONCLUSIONS OF LAW

1. The Applicant, Montana Power Company, is a "public utility" within the meaning of Montana law, Section 69-3-101, MCA.

2. The Commission properly exercises jurisdiction over the Applicant's rates and operations pursuant to Sections 69-3-102, and 69-3-302, MCA.

3. The securities transactions proposed by Applicant, as hereinafter authorized, will be for a lawful purpose and are consistent with the proper performance by Applicant of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of Applicant.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The application of Montana Power Company to make a guarantee to secure borrowings in an amount not to exceed \$100,000,000 by a Construction Trust created to provide interim financing for a portion of the construction costs of the Company's undivided interest in Colstrip Units #3 and #4 is granted.

2. The Applicant shall file interest rates on the borrowings

of the Construction Trust for Commission approval when negotiations are completed.

3. All motions and objections not ruled upon at the hearing are denied.

DONE IN OPEN SESSION at a meeting of the Montana Public Service Commission held December 1, 1980 by a vote of 3-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

CLYDE JARVIS, Commissioner

JAMES R. SHEA, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary
(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty(30) days from the service of this order. If a motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp.38.2.4806 ARM.